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STATE OF ILLINOIS

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COMMERCE COMMISSION

ILLINOIS COMMERCE COMMISSION 2002 SEP 11 P 2: 53

CHIEF CLERK'S OFFICE

COMMONWEALTH EDISON COMPANY

Petition pursuant to Section 7-101 of the Public Utilities Act for authority to enter into agreements with affiliated interests and take actions in connection therewith in relation to the refinancing of securities.

Docket No. 02-0563

**STAFF'S ANSWER TO COMMONWEALTH EDISON COMPANY'S
PETITION**

Now comes the Staff of the Illinois Commerce Commission ("Staff") in response to Commonwealth Edison Company's ("Company") Petition, filed on September 3, 2002, pursuant to Section 7-101 of the Illinois Public Utilities Act ("Act"). This Petition requests authority to enter into agreements with affiliated interest and take actions in connection therewith in relation to the refinancing of securities expected to occur on or shortly after September 25, 2002. The Company requested that by September 25, 2002, the Commission issue an Order, pursuant to Section 7-101 of the Act, granting the Commission's consent, authorization and approval in respect of the Company entering into agreements with affiliated interests in connection with the refinancing at issue in Docket No. 02-0562 and allowing the Company to take such other action as is appropriate, reasonable and proper to the accomplishment of the purposes set forth herein.

Staff has reviewed the Company's Petition and Article VII of the Act and states as follows:

1. Exelon Corporation is the Company's parent company and indirectly owns 10% or more of the Company's voting capital stock. The Company and Exelon are affiliated interests as defined in Section 7-101(2)(a).
2. An Exelon Corporation director is also a Bank One director. Exelon Corporation and Bank One are affiliated interests as defined in Section 7-101(2)(f). Banc One Capital Markets Inc. ("BOCM"), an affiliate of Bank One, provides investment banking and related services.
3. Morgan Stanley ("Morgan") provides investment banking and related services. An Exelon Corporation director is also a Morgan director. Exelon Corporation and Morgan Stanley are affiliated interests as defined in Section 7-101(2)(f).
4. The Company is in the process of preparing to issue approximately \$700,000,000 aggregate principal amount of Bonds in order to refinance existing indebtedness so as to take advantage of current favorable market conditions ("Refinancing").
5. The Company anticipates that BOCM and Morgan will both manage the Refinancing. These companies would be responsible for coordinating the preparation of the offering documents on behalf of the underwriting syndicate, organizing and managing the underwriting syndicate that would undertake to market and sell the securities to the public, and marketing and selling the securities to the public.
6. The Company's proposal is subject to Section 7-101(3), which requires Commission authorization for the Company to enter into financial contracts with affiliated interests.
7. The Company represents that the terms of any financial contract between Exelon and either BOCM or Morgan would be in accordance with industry standards and practice and at market prices for comparable services from comparable entities.

8. Northern Trust Bank, Unum Provident Inc. and William Blair & Company LLC are affiliates of the Company as defined in Section 7-101(2)(f) and may become involved in the Refinancing.
9. If Northern Trust Bank, Unum Provident Inc. and William Blair & Company LLC participate in the Refinancing, then the participation of that affiliated interest in the Refinancing would be on terms no more favorable than the terms made available to BOCM and Morgan, which terms would be in accordance with industry standards and practice and at market prices for comparable services from comparable entities.
10. The Company represents that the consent to carry out the transactions proposed in its petition is necessary to the conduct of the Company's business as a public utility, will be in the public interest and the public will be inconvenienced thereby.
11. The Commission previously approved the Company's use BOCM in a similar proceeding capacity in Docket No. 02-0056.

WHEREFORE, the Staff of the Illinois Commerce Commission recommends that the Commission issue an Order, pursuant to Section 7-101 of the Act, authorizing the transactions described in the Company's Petition and identifying the applicable provisions of the Act.

Respectfully submitted,

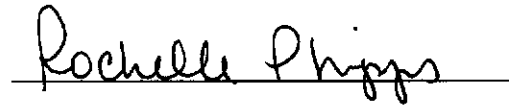
Handwritten signature of Rochelle Phipps in cursive script, followed by a small 'ps'.

Rochelle Phipps, Financial Analyst
Finance Department
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701
(217) 785-5148

September 11, 2002

CERTIFICATE OF SERVICE

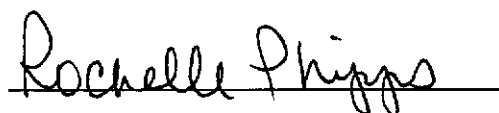
I, Rochelle Phipps, Financial Analyst of the Finance Department, Financial Analysis Division, Illinois Commerce Commission, do hereby certify that on the 11th day of September, 2002, the Finance Department has delivered for filing with the Clerk of the Illinois Commerce Commission, the original and two copies of the attached Answer to Commonwealth Edison Company's Petition in Docket No. 02-0563, a copy of which is also hereby served upon the service list.

A handwritten signature in black ink, reading "Rochelle Phipps", is written over a horizontal line.

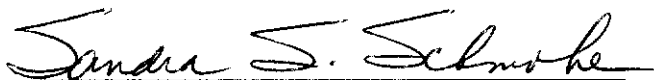
Rochelle Phipps, Financial Analyst
Finance Department

VERIFICATION

I, Rochelle Phipps, first being duly sworn upon oath, depose and say that I am a Financial Analyst of the Finance Department for the Staff of the Illinois Commerce Commission, that I have read the above and foregoing Answer to Commonwealth Edison Company's Petition in Docket No. 02-0563 by me subscribed and know the contents thereof; that said contents are true in substance and in fact, except as to those matters stated upon information and belief, and as to those, I believe the same to be true.


Rochelle Phipps, Financial Analyst
Finance Department

Subscribed and sworn to before me
this 11th day of September, 2002.



Notary Public, Illinois

